

June 16, 2006

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Division Clerk
RI Division of Public Utilities & Carriers
89 Jefferson Boulevard
Warwick, RI 02888

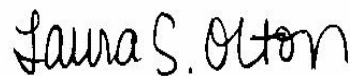
**RE: Docket D-06-13 - Joint Petition of The Narragansett Electric Company and Southern Union Company for Approval of Purchase and Sale of Assets
Response to Attorney General's Data Request 4-2**

Dear Ms. Massaro:

Enclosed please find five (5) copies of responses from The Narragansett Electric Company, d/b/a National Grid, to the fourth set of data requests issued by the Attorney General on June 15, 2006, in the above-captioned proceeding. This set includes a response to data request 4-2.

Thank you for your attention to this matter. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Laura S. Olton

Enclosures

cc: Docket D-06-13 Service List

Attorney General's Data Request 4-2

Request:

Assume that FRG caused the contamination to the Tiverton waste site and that this liability attaches to all of SUC's assets when SUC merged with FRG, please identify and explain all legal bases why National Grid does not believe that it could be held liable to DEM in any future remediation action.

Response:

National Grid objects to the question, to the extent it is calling for a legal opinion. Without waiving that objection, however, the Company states the following:

The simple answer is that the liability does not "attach" to the assets being acquired by National Grid from Southern Union. This is explained below.

Assuming for purposes of the question that FRG caused the contamination at the Tiverton waste site, it does not legally follow that liability would "attach to all of SUC's assets." State and federal environmental laws set forth the extent of environmental liability. For example, the Rhode Island Industrial Property Remediation and Reuse Act, R.I. Gen. Laws Sections 23-19.14-3(a) and -6 impose environmental liability on four categories of person:

1. Current owners or operators of the site;
2. Any person who at the time of disposal of any hazardous material owned or operated the site;
3. Any person who by contract, agreement or otherwise arranged for the disposal or treatment, or arranged with a transporter for transport to disposal or treatment of hazardous materials owned or possessed by that person;
4. Any person who accepts or accepted any hazardous materials for transportation to disposal or treatment facilities or sites selected by that person, from which there is a release or threatened release.

The scope of environmental liability under federal environmental law, including CERCLA and RCRA, is essentially the same.

In the hypothetical, SUC would be liable as the corporate successor by merger to FRG as the owner and operator of the facility at the time of disposal. In fact, in RIDEM's Motion to Intervene in Docket No. D-06-13, the agency cited the RI Industrial Property Remediation and Reuse Act, CERCLA and RCRA as the basis for SUC's alleged responsibility.

Attorney General's Data Request 4-2 (continued)

National Grid, as the mere purchaser of certain gas assets from SUC would fall into none of the liability categories set forth above. National Grid is not assuming ownership of the FRG facility that allegedly generated the waste, nor would it inherit historical liability for FRG's environmental liabilities through the purchase from SUC of assets unrelated to the FRG sites and facilities that allegedly generated the waste. Moreover, having had nothing to do with the historical operation of FRG, the Company can obviously not be held liable as a transporter, arranger or acceptor of the MGP waste in question.

Certificate of Service

I hereby certify that a copy of the cover letter and materials accompanying this certificate were mailed or hand-delivered to the parties listed below.



Joanne M. Scanlon

Date: June 16, 2006

National Grid & Southern Union - Docket D-06-13 Updated Service List as of 5/15/06

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